

AMENDED IN ASSEMBLY AUGUST 17, 2016

AMENDED IN ASSEMBLY AUGUST 1, 2016

AMENDED IN ASSEMBLY JUNE 28, 2016

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE MARCH 31, 2016

AMENDED IN SENATE MARCH 14, 2016

SENATE BILL

No. 968

Introduced by Senator Monning
(Coauthor: Senator Jackson)
(Coauthor: Assembly Member Achadjian)

February 8, 2016

An act to add Section 712.5 to the Public Utilities Code, relating to electricity, ~~and making an appropriation therefor.~~ *therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 968, as amended, Monning. Diablo Canyon Units 1 and 2 powerplant.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. The Diablo Canyon nuclear powerplant, composed of reactor Units 1 and 2, is operated by the Pacific Gas and Electric Company in the County of San Luis Obispo. Existing law requires the commission to convene, or continue, until August 26, 2025, an independent peer review panel to conduct an independent review of enhanced seismic studies and surveys of the Diablo Canyon Units 1 and 2 powerplant, including the

surrounding areas of the facility and areas of nuclear waste storage. Existing law establishes the Public Utilities Commission Utilities Reimbursement Account and authorizes the commission to annually determine a fee to be paid by every public utility providing service directly to customers or subscribers and subject to the jurisdiction of the commission, except for a railroad corporation. *The Nuclear Facility Decommissioning Act of 1985 requires each electrical corporation owning or operating nuclear facilities to establish an externally managed, segregated fund for payment of decommissioning costs of those facilities, establishes requirements for collection of moneys for decommissioning costs in the utility's rates and charges, and requires that the expenses associated with decommissioning of nuclear facilities be paid from those funds. Pursuant to the act, the commission ordered 2 nuclear decommissioning funds be established for the Diablo Canyon Units 1 and 2 powerplant.*

This bill would require the commission to cause an assessment to be completed by no later than July 1, 2018, conducted by an independent 3rd party, selected as specified, of the adverse and beneficial economic impacts, and net economic effects, that could occur, and of potential ways for the state and local jurisdictions to mitigate the adverse economic impact, if the Diablo Canyon Units 1 and 2 powerplant were to temporarily or permanently shut down before the powerplant's current operating licenses expire or when the Pacific Gas and Electric Company closes the powerplant upon the expiration of its current licenses. ~~The bill would appropriate \$400,000 from the account to the commission for additional staffing to urgently effectuate the third party assessment.~~ *The bill would require the commission to approve the withdrawal of \$400,000 from the nuclear decommissioning funds established for the Diablo Canyon Units 1 and 2 powerplant for use by the commission for additional staffing to urgently effectuate the third-party assessment.*

This bill would make legislative findings and declarations as to the necessity of a special statute for the Pacific Gas and Electric Company.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 712.5 is added to the Public Utilities
2 Code, to read:

3 712.5. (a) (1) The commission shall cause an assessment to
4 be completed by no later than July 1, 2018, of the adverse and
5 beneficial economic impacts, and the net economic effects, for the
6 County of San Luis Obispo and the surrounding regions, that could
7 occur if the Diablo Canyon Units 1 and 2 powerplant were to
8 temporarily or permanently shut down before the powerplant's
9 current operating licenses from the Nuclear Regulatory
10 Commission expire or when the Pacific Gas and Electric Company
11 closes the powerplant upon the expiration of its current licenses.
12 The assessment shall include a review, as described in paragraph
13 (4) of subdivision (b), of potential actions for the state and local
14 jurisdictions to consider in order to mitigate the adverse economic
15 impact of a shutdown.

16 (2) The assessment shall be conducted by an independent third
17 party, selected in accordance with paragraph (1) of subdivision
18 (c).

19 (b) The assessment shall consist of, but not be limited to, all of
20 the following:

21 (1) Estimates of any changes in local tax revenues, changes in
22 workforce populations, changes in indirect or induced economies,
23 and potential impacts to ratepayers from a shutdown.

24 (2) A review of the economic impacts that affected the region
25 surrounding the San Onofre Nuclear Generating Station after it
26 was decommissioned by the Southern California Edison Company
27 and of the relevant decommissioning plans of the San Onofre
28 Nuclear Generating Station.

29 (3) A review of regions in the United States similar to the
30 County of San Luis Obispo and the surrounding regions that have
31 experienced the decommissioning of a nuclear powerplant and of
32 the resulting economic impacts of the decommissioning on those
33 regions.

34 (4) Identification of any contingency plans that could mitigate
35 the adverse economic impact of a shutdown to state and local
36 jurisdictions, the local workforce, and entities receiving enhanced
37 tax revenue.

1 (c) (1) The commission shall issue a request for proposal for
2 the independent third party that will ensure that the selected party
3 is able to make an independent review and analysis of the data
4 described in subdivision (b).

5 (2) The independent third party shall consult with the Board of
6 Supervisors of the County of San Luis Obispo, the governing board
7 of the San Luis Coastal Unified School District, the Center for
8 Labor Research and Education at the University of California at
9 Berkeley, the regional economic development group of the County
10 of San Luis Obispo, and other relevant governmental entities or
11 community-based organizations to assist in an accurate assessment
12 of the economic and workforce impacts of a shutdown.

13 (d) The commission shall make the assessment publicly available
14 on its Internet Web site, distribute copies to relevant state and local
15 jurisdictions, and convene a public forum in the County of San
16 Luis Obispo on the findings and recommendations of the
17 assessment.

18 SEC. 2. The Legislature finds and declares that a special law
19 is necessary and that a general law cannot be made applicable
20 within the meaning of Section 16 of Article IV of the California
21 Constitution because, currently, the Diablo Canyon Units 1 and 2
22 powerplant, owned and operated by the Pacific Gas and Electric
23 Company, is the last operating nuclear powerplant in California,
24 and, on June 21, 2016, the Pacific Gas and Electric Company
25 announced that it would not renew its licenses for Diablo Canyon
26 Units 1 and 2, which are set to expire in 2024 and 2025,
27 respectively. In addition, a joint proposal governing the closure of
28 the Diablo Canyon Units 1 and 2, which included an orderly
29 replacement of electricity from generating resources that do not
30 emit greenhouse gases and an employee retention severance
31 program, was signed by interested parties. Local communities
32 were ill-prepared and given no notice after the sudden closure of
33 the San Onofre Nuclear Generating Station was announced on
34 June 7, 2013, and the state is still responding, at significant cost,
35 to the sudden, permanent, and unexpected loss of baseline
36 electricity. Therefore, an assessment is needed on the economic
37 impact specific to a shutdown of the Diablo Canyon Units 1 and
38 2 powerplant to provide the state, and local communities, with
39 valuable and necessary information to plan and prepare for that
40 circumstance. The findings and recommendations made are not

1 intended to interfere with or invalidate the joint proposal and can
2 be used by local communities and parties to the joint proposal to
3 provide further information and recommendations to minimize the
4 local economic and other impacts that the planned closure may
5 cause.

6 ~~SEC. 3. The sum of four hundred thousand dollars (\$400,000)~~
7 ~~is hereby appropriated from the Public Utilities Commission~~
8 ~~Utilities Reimbursement Account to the Public Utilities~~
9 ~~Commission for additional staffing to urgently effectuate the~~
10 ~~third-party assessment pursuant to Section 712.5 of the Public~~
11 ~~Utilities Code.~~

12 *SEC. 3. The Public Utilities Commission shall approve the*
13 *withdrawal of four hundred thousand dollars (\$400,000) from the*
14 *nuclear decommissioning trust funds established by Pacific Gas*
15 *and Electric Company pursuant to the Nuclear Facility*
16 *Decommissioning Act of 1985 (Chapter 2 (commencing with*
17 *Section 8321) of Division 4.1 of the Public Utilities Code) for the*
18 *Diablo Canyon Units 1 and 2 powerplant. The commission shall*
19 *use the moneys for additional staffing to urgently effectuate the*
20 *third-party assessment pursuant to Section 712.5 of the Public*
21 *Utilities Code.*

22 *SEC. 4. This act is an urgency statute necessary for the*
23 *immediate preservation of the public peace, health, or safety within*
24 *the meaning of Article IV of the Constitution and shall go into*
25 *immediate effect. The facts constituting the necessity are:*

26 *The Pacific Gas and Electric Company announced on June 21,*
27 *2016, that it would not renew its licenses for Diablo Canyon Units*
28 *1 and 2 and it is necessary for the Public Utilities Commission to*
29 *immediately start the process of selecting an independent third*
30 *party to conduct an economic assessment and to provide the*
31 *independent third party with as much time as possible to conduct*
32 *a thorough assessment.*